

## Message Text

CONFIDENTIAL

PAGE 01 HAMILT 00322 211924Z  
ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 ARA-10 NEA-10 EB-07 COME-00  
PM-05 SP-02 L-03 CIAE-00 INR-07 NSAE-00 DODE-00  
/057 W

-----022205 211935Z /46

P 211826Z JUL 77

FM AMCONSUL HAMILTON  
TO AMEMBASSY NASSAU  
INFO AMEMBASSY LONDON  
AMEMBASSY TEHRAN  
SECSTATE WASHDC 2474

C O N F I D E N T I A L HAMILTON 322

E.O. 11652: GDS

TAGS: EFIN, MASS US, IR, BD

SUBJECT: BERMUDA EXEMPTED COMPANIES ALLEGEDLY CONDUIT FOR DEFENSE  
CONTRACT PAYOFFS (MANAGEMENT AND TECHNICAL CONSULTANTS CO., LTD. (MTC  
)

REF: A) BURKE/ROSSI TELCON, 19 MAY 1977  
B) HAMILTON'S 25, 19 JAN 1977

1. IN RESPONSE TO REQUEST BY ROSSI DURING REFCON, CONSOFF CONTACTED  
APPROPRIATE GOVERNMENT OFFICIAL WHO CONFIRMED THAT MINISTER OF  
FINANCE DAVID GIBBONS HAD ANNOUNCED ON 19 JAN 1977 THAT: QUOTE  
FOLLOWING A PRELIMINARY REVIEW OF THE FACTS THE TWO COMPANIES  
INVOLVED HAVE NOT BREACHED ANY FOREIGN EXCHANGE REGULATIONS OR ANY  
OTHER LOCAL LAW UNQUOTE. THIS STATEMENT APPEARED IN THE SEMI-  
OFFICIAL NEWSPAPER QUOTE THE ROYAL GAZETTE UNQUOTE ON 20 JANUARY.  
CONOFF WAS ALSO INFORMED THAT THIS STATEMENT WAS BASED ON A QUOTE  
CONFIDENTIAL REPORT UNQUOTE PREPARED BY THE LOCAL LAW FIRM WHICH  
HANDLES THE AFFAIRS OF THE SUBJECT COMPANY, MTC AND BY THE FOREIGN  
EXCHANGE BOARD. THIS PRELIMINARY REPORT WAS ALSO THE FINAL WORD ON  
THIS MATTER.

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2. IT SHOULD BE NOTED THAT ONE OF THE DIRECTORS OF THE ABOVE-MENTIONED  
COMPANY IS THE HONORABLE ERNEST VESEY, WHO IS ALSO A CABINET MINISTER  
(MINISTER OF EDUCATION) AND IS A MEMBER OF ONE OF THE WEALTHIEST AND  
MOST PROMINENT FAMILIES ON THE ISLAND. THIS FAMILY FORMS A POTENT  
PART  
OF THE ACTIVE BACKERS OF THE RULING UNITED BERMUDA PARTY OF WHICH  
BOTH

MR. VESEY AND MR. GIBBONS ARE PROMINENT OFFICE HOLDERS.

3. PHOTOCOPIES OF A SERIES OF NEWSPAPER STORIES RELATING TO THIS MATTER ARE BEING SENT INTERNATIONAL AND ALSO BY AIR POUCH TO MR. ROSS ROSSI.

4. THIS MATTER WAS PREVIOUSLY RAISED WITH CONGEN HAMILTON BY IRS LOS ANGELES IN JANUARY 1977. (HAMILTON'S 25 WILL BE REPEATED TO MR. ROSSI IN NASSAU.) AT THAT TIME, A MEETING WAS SCHEDULED BETWEEN IRS REPRESENTATIVES IN LONDON AND THREE OFFICIALS OF MTC. CONGEN HAMILTON WAS NOT INFORMED OF THE RESULTS OF MEETING, OR IF, INDEED, IT TOOK PLACE AT ALL.

5. CONGEN HAMILTON SUGGESTS THAT MR. ROSSI MAY WISH TO VERIFY RESULTS OF THAT MEETING, IF ANY, WITH APPROPRIATE OFFICIALS OF THE IRS, AND TO ENSURE THAT ALL IRS ACTIVITIES AND OFFICES TAKING ACTION ON THIS MATTER ARE EFFECTIVELY COORDINATED. THIS IS AN ISSUE OF THE UTMOST SENSITIVITY HERE ON THE ISLAND AND BECAUSE OF THE HIGH RANK OF THE BERMUDA CITIZENS INVOLVED THE CONGEN MUST BE INFORMED OF ALL ACTION CONTEMPLATED.

6. PLEASE INFORM US OF RESULTS OF JANUARY MEETING IN LONDON.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
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**Current Classification:** UNCLASSIFIED  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Subject:** BERMUDA EXEMPTED COMPANIES ALLEGEDLY CONDUIT FOR DEFENSE CONTRACT PAYOFFS (MANAGEMENT AND TECHNICAL CONSULTANTS CO., LTD. (MTC )  
**TAGS:** EFIN, MASS, US, IR, BD  
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**Review Markings:**  
Margaret P. Grafeld  
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